

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1474 – HB 1489**

January 26, 2014

**SUMMARY OF BILL:** Expands definition of “amusement device” for the purpose of safety inspections to include go karts which are used for a commercial purpose; excludes go karts used for non-commercial purposes.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$134,300/Recurring**

**Increase State Expenditures - \$41,100/One-Time  
\$96,500/Recurring**

**Assumptions:**

- Go karts used for a commercial purpose will require inspection and permitting under state regulatory law (pursuant to Title 68, Chapter 121) for elevators, dumbwaiters, escalators, and aerial tramways as a result of this bill.
- According to the Department of Labor and Workforce Development (DLWD), there will be minimal impact to policies and procedures since similar devices are currently being inspected, permitted, and documented.
- DLWD indicates that current forms and fee revenue procedures can be utilized.
- DLWD indicates a \$30 fee for annual inspections and a \$150 fee for annual operating permits.
- DLWD estimates 4,000 new go kart inspections annually for approximately 95 go kart operators statewide.
- DLWD indicates all new fee revenue will be allocated to the state General Fund.
- The recurring increase in state revenue to the General Fund is estimated to be \$134,250 [(\$30 inspection fee x 4,000 go karts) + (\$150 permit fee x 95 operators)].
- DLWD indicates the Department will require two additional positions to handle the additional inspections.
- Total recurring expenses for two Amusement Device Inspector 2 positions is estimated to be \$83,445 [\$65,808 total salaries + (\$65,808 x 15.03%) retirement + (\$65,808 x 7.65%) FICA + (\$1,356.04 x 2 employees) insurance].

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- Based on information provided by DLWD, there will be additional recurring state expenditures estimated to be \$13,040 for annual training and certification for the new inspectors (\$1,000), safety equipment (\$1,000), phone service (\$1,440), internet service (\$1,440), and vehicle-related expenses (\$8,160).
- The total recurring increase in state expenditures is estimated to be \$96,485 (\$83,445 + \$13,040).
- One-time state expenditures estimated to be \$41,113 which includes computer system modification expense to account for an additional system field for go karts (\$38,923), employee system licensing expense (\$466), computer and accessory expense (\$1,400), and phone set up expense (\$324).

## **IMPACT TO COMMERCE:**

**Increase Business Revenue – Exceeds \$51,100/FY14-15**

**Exceeds \$10,000/FY15-16 and Subsequent Years**

**Increase Business Expenditures – \$159,800/FY14-15**

**\$139,300/FY15-16 and Subsequent Years**

**Jobs Impact – Two new public sector jobs will be created as a result of this bill; any increase in the number of private sector jobs is considered not significant.**

### **Assumptions:**

- DLWD contracts with Tennessee-domiciled vendors for required services.
- There will be a one-time increase in business revenue of \$41,113 (\$38,923 computer system modification + \$466 licensing + \$1,400 computers and related accessories + \$324 for phone set up service fees) in FY14-15.
- There will be a recurring increase in business revenue reasonably estimated to exceed \$10,000 per year beginning in FY14-15. Such business revenue will be derived from several sources including but not limited to: two new state employees spending their salary and purchasing goods and services from private entities (if either were unemployed prior to state service or relocated from out-of-state), increased health insurance premium revenue (if either new state employee did not have similar insurance benefits prior to service with the state), annual purchase of new safety equipment for the two new state employees, additional phone service fee revenue, additional internet service fee revenue, and additional vehicle-related revenue (associated with two new state employees).

- Recurring business expenditures for Tennessee go kart operators will increase by \$134,250 per year beginning in FY14-15 as a result of additional permitting and inspection fees.
- There will be an increase in business expenditures for the cost of providing goods and services sold. This increase in business expenditures is reasonably estimated to be 50 percent of any net new business revenue generated as a result of this bill. The increase in business expenditures for FY14-15 are estimated to exceed \$25,550  $[(\$41,100 + \$10,000) \times 50\%]$ ; and the recurring increase in business expenditures for FY15-16 and subsequent years is estimated to exceed \$5,000  $(\$10,000 \times 50\%)$ .
- The increase in business expenditures for FY14-15 is estimated to exceed \$159,800  $(\$134,250 + \$25,550)$ ; and the recurring increase in business expenditures for FY15-16 and subsequent years is estimated to exceed \$139,250  $(\$134,250 + \$5,000)$ .
- Two new public sector jobs for the state of Tennessee will be created due to passage of this bill. Any increase in the number of private sector jobs is estimated to be not significant.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/rnc